DEMANDS FOR GRANTS —(*Contd.*)

DEMAND IX—CAPITAL OUTLAY ON REPRODUCTIVE WORKS—(*Contd*)

PRESIDENT: The House is discussing motion No. 431 moved by Mr. Thanu Pillai, to omit the allotment of Rs. 6 lakhs for the Pallivassal Hydro-Electric Scheme. The time still available for the discussion of the demand is one hour and forty five minutes.

MR. K. C. KARUNAKARAN (*Nominated*): Sir, I rise to oppose the motion moved by Mr. Thanu Pillai. Many capital works have been undertaken by this Government during the last so many years, such as the Kodayar Project, the Trivandrum Electric and Water Supply Schemes—the Kodayar Project for the agricultural development of a corner of the country and the other two to add to the amenities of the people of the Trivandrum town. Government have spent huge sums of money in these undertakings. So far, Government have not undertaken any capital scheme for the industrial development of the State. The one peculiar feature of the proposed Pallivasal Hydro-Electric Scheme is that it will help the development of both agriculture and industry. What is essential for industrial development, particularly in Travancore is, as was pointed out by Mr. Lampard yesterday, cheap and plentiful power. I may illustrate my point by a reference to one of our main industries, the coir industry. To-day, Sir, the export of coir yarn is controlled exclusively by a foreign firm in Alleppy, because there is no Travancorean or Indian who is able to invest eighty or ninety-thousand rupees for putting up the machinery required for pressing 300 or 400 cwts. of coir yarn into bales for shipment.

MR. K. PADMANABHA PANIKKAR (*Ambalapuzha*): Do not the Indian firms now export coir yarn?

MR. K. C. KARUNAKARAN (*Nominated*): But such Indian firms depend entirely on a European firm for pressing the yarn into bales for shipment. I may say that, when the proposed scheme comes through, the Travancorean will be able to take up this most important side of the coir industry, which is our national industry.

Then the Alleppey mill-owners, who, it is accepted, require protection by suitable tariff value of copra... .....

PRESIDENT: That is not in order, it does not arise now.

MR. K. C. KARUNAKARAN (*Nominated*): The Alleppy mill-owners will, I dare say, contribute, to a large extent, to the success of the proposed Hydro-electric scheme.

It is a very old suggestion, Sir, that, with the development of the Cochin Harbour, Alleppy must be connected with Cochin by means of a light railway along the coast. This is a very important suggestion. During the monsoon, the Alleppey shippers have to depend upon Cochin for shipping all their cargo. If this electric scheme succeeds, I am sure Government could successfully undertake the opening and running of the light railway along the coast by means of cheap electric power.

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. K. C. Karunakaran.]

Then Sir, the punja cultivators of Kuttanad—we found from the Report of the Economic Depression Enquiry Committee—are spending annually over four lakhs of rupees on kerosine and crude oil for pumping out water from the fields. That means, so much money of our country going outside every year. I do not think I need emphasise the economic side of this question. Cheap electric power would be of very great help to the punja cultivators.

Sir, much has been said, about the financial aspect of the scheme by Messrs. Thanu Pillai and Krishna Pillai. I do not think any Government has ever undertaken any big capital scheme with money in hand. I maintain—as I have done many a time on the floor of this House—that to the utmost extent possible, we should develop our natural resources. Judging from the data supplied so far, I hold the view that the proposed scheme is the most practical scheme for our Government to undertake. I do not see any reason for apprehension about our financial position. If the first stage of the scheme proves to be successful—I am quite confident of that—Government would have absolutely no difficulty whatsoever to raise funds for the subsequent stages, even if, by that time, they reach the bottom of their financial resources. In this connection, I may point out, Sir, that when the Government of India issued their last loan, and when it went up to England, there were two schools of opinion about it, one *for* the loan and the other *against* it. Mr. Litton, the Editor of the Economist, wrote an article, in support of the loan, to the effect that, though the Government of India had a deficit amounting to crores of rupees, India was one of the richest countries of the world with great resources tapped and untapped. This observation, by the Editor of the Economist led to a tremendous rush for the loan floated by the Government of India and it was completely successful. The observation of the Editor of the Economist, applies with greater force to Travancore; because Travancore has practically unlimited resources most of which has not been tapped; and we have, even now, more or less, a balanced Budget.

PRESIDENT: Your time is up.

MR. K. C. KARUNAKARAN (*Nominated*): Mr. Krishnan Nayar was telling us that this was a time of economic depression and that therefore this scheme, involving so many lakhs of rupees, should not be undertaken now. Any student of Economics knows, Sir, that it is during times of depression that industrial undertakings involving big amounts must be taken up. The cost of labour, the cost of materials, the cost of transport, etc. will be cheaper.

With these words, I oppose the motion.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Sir, I wish to speak a few words in support of the motion moved by Mr. Thanu Pillai. To begin with, I may say that there does not seem to be any difference of opinion about the necessity for a Hydro-Electric Scheme in Travancore. It is also conceded, on the basis of the information now

LIBRARY ARCHIVES Kerala Legislative Assembly

available to the House, that the proposed scheme would be profitable. But the question that has been mooted is whether it would be advisable to start such a costly scheme at this time of economic depression. I may, in this connection, invite the attention of the members to paragraph 47 of the speech of the Financial Secretary on the Budget for 1108. In the beginning of 1107, Government had a cash balance of Rs 42 lakhs; and still it was found inadequate, so that they were compelled to borrow ten lakhs of rupees from His Highness the Maha Raja. According to the Budget that has now been presented to the House, and the calculations that we are able to make from it, we are more or less sure that the cash balance is bound to be lower in the beginning of 1108 than it was in the beginning of 1107. Therefore, it is sure that we would have to borrow money to carry on even the routine matters of administration. I therefore raise the question whether it would be advisable for us to reduce ourselves to such a position; and, if year after year we go on borrowing for carrying on the administration, what would be the position of our credit? Therefore will it not be better for us to borrow for this proposed scheme instead of reducing ourselves to a position of borrowing for our routine expenditure? Why not we raise a loan for this scheme outside Travancore, in Madras for instance? That is the first question that I want to raise.

Secondly, Sir, we have several doubts about the practicability of the proposed scheme. It is evident, from the note that has been placed before us, that we require 64 cusecs of water for generating the power estimated; and that is calculated on the basis of the lowest flow during dry weather. It is out of these 64 cusecs that the K. D. H. P. Company have a right over 30 cusecs. So, we can depend, for our power, only upon the remaining 34 cusecs. I therefore do not understand why the Government have based their calculation on 64 cusecs without stating that they are going to purchase from the company, or otherwise get from them, their right over the 34 cusecs of water. It is very doubtful whether, if without settling this question in regard to the 30 cusecs we proceed with the scheme, we would not in the end be at the mercy of the K. D. H. P. Company and would have to pay them seigniorage which they choose to demand. Our doubts in regard to this matter have got to be cleared. I do not think Government have the right under the agreement with the company, to compel them to surrender their rights in case we supply them the power they require.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Can we not store the water available for us and make up for the 30 cusecs, in case the company refuse to co-operate with us?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): There is no storing provided for in the scheme. My question, therefore, is whether the 30 cusecs of water given as concession to the K. D. H. P. Company will be available for our scheme. I am only a lay man and I am trying to understand how it is proposed to be worked in case the Company refuse to give us their 30 cusecs.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. GOPALAKRISHNA PILLAI (*Parur*): Could not the member believe the statements of experts?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): From their statement it is not clear on what basis they calculate that 64 cusecs of water would be available. That is my difficulty. These are some of the questions on which I would like to get information. Anyhow, emphasising the point that this is not the proper time to start the scheme, and also suggesting that if it is to be started at all it should be started by means of loans raised outside Travancore, I support this motion.

MR. A. S. DAMODARAN ASAN (*Mavelikara cum Kartikapalli*): Why not from inside the State?

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): If funds are available inside, I have not the least objection if loans could be successfully raised in Travancore itself.

MR. P. S. MAHOMED (*Nominated*): ഈ സഭയുടെ ആലോചനയ്ക്കു വിഷയീഭവിച്ചിട്ടുള്ള മി. താണുപിള്ളയുടെ ഉപക്ഷേപത്തെ മുൻനിർത്തി എന്റെ അഭിപ്രായത്തെക്കൂടി പറയാമെന്നു ഞാൻ വിചാരിക്കുന്നു.

മി. നീലകണ്ഠപ്പിള്ളയുടെ പ്രസംഗത്തിൽനിന്നും ഈ സ്കീം, അവശ്യമുള്ളതാണെന്നും പൊതുവേ ഉപയോഗപ്രദമാണെന്നും സമ്മതിച്ചിട്ടുള്ളതായികാണുന്നു. എന്നാൽ അതിനു പറഞ്ഞിരിയ സന്ദർഭം ഇതാണൊ എന്നമാത്രമാണ് ഇപ്പോൾ വിവാദവിഷയമായിത്തീർന്നിട്ടുള്ളത്. പൊതുവെ രാജ്യത്തിനു ഉപകാരപ്രദമായ ഒന്നാണെങ്കിൽ, വ്യവസായത്തിനു അതു പ്രയോജനകരമാണെങ്കിൽ, ഈ സന്ദർഭമല്ല, ഏതുസന്ദർഭത്തിലും ഇങ്ങിനെയുള്ള സ്കീം നടപ്പിൽവരുത്തുക എന്നുള്ളതു സന്ദർഭോചിതമായിരിക്കുമെന്നതന്നെയാണ് എനിക്കു തോന്നുന്നത്. ഈ സ്കീമിന്റെ പ്രധാനഉദ്ദേശ്യം വ്യവസായത്തെ വർദ്ധിപ്പിക്കുകയെന്നുള്ളതാണു. ഈരാജ്യത്തിന്റെ സാമ്പത്തികനിലയുടെ ഉയർച്ച വ്യവസായത്തെ ആശ്രയിച്ചാണ് സ്ഥിതിചെയ്യുന്നത്. കാർഷികവൃത്തിയിൽമാത്രം ഏർപ്പെട്ടിരിക്കുന്ന ഒരു രാജ്യത്തു് ധാരാളമായി പണം ഉണ്ടാക പതിവില്ല. വ്യവസായത്തിൽ അഭിവൃദ്ധിയുള്ള രാജ്യത്തുമാത്രമെ പണം സമൃദ്ധിയായി ഉണ്ടായികാണാറുള്ളു എന്നു നാം കാണുന്നുണ്ട്. ഈ സ്കീം വ്യവസായത്തിനു് ഉപയുക്തമായ ഒരു പദ്ധതിയാണെങ്കിൽ തീർച്ചയായും അതു രാജ്യത്തിന്റെ ഇന്നത്തെനിലയെ ഉയർത്താൻ സാധിക്കുന്ന ഒന്നാണെന്നാണ് എന്റെ അഭിപ്രായം. എന്നാൽ എനിക്ക് ഇതിലുള്ള അഭിപ്രായവ്യത്യാസം എന്താണെന്നുവച്ചാൽഈസ്കീം നടപ്പിൽവരുത്തുന്നതിനുതാ

LIBRARY ARCHIVES Kerala Legislative Assembly

മസം നേരിടുവിക്കരുതെന്നുള്ളതാണ്. ഗവണ്മെൻറിൽനിന്നും ഈ സ്കീമിലേക്ക് അടുത്തകൊല്ലത്തേക്കു നീക്കിവച്ചിട്ടുള്ള തുക ആവശ്യമായി വരുകയില്ല. ഇങ്ങനെ ചിലവുചെയ്ത് ഈ സ്കീം പൂർത്തിയാക്കുന്നതിനു വളരെ വർഷങ്ങൾ വേണ്ടിവരും. ആ സമയത്തിനകമായിട്ടു വ്യവസായത്തിലും മറ്റും ഉയർന്നവരണമെന്നാഗ്രഹിക്കുന്ന പട്ടണങ്ങളുടെ അഭിവൃദ്ധി വളരെകാലത്തേക്കു തടസ്ഥപ്പെടുത്തിക്കൊണ്ടിരിക്കേണ്ടതായും വരും. ആലപ്പുഴയെസംബന്ധിച്ചു നോക്കുന്നപക്ഷം Electrification അടുത്തകാലത്തിൽതന്നെ നടപ്പിൽവരുത്തണമെന്നു അവിടത്തെ മുനിസിപ്പാലിറ്റി ആഗ്രഹിച്ചുകൊണ്ടിരിക്കയാണ്. ആ സ്ഥിതിക്ക് ഏട്ടോ പത്തോ കൊല്ലം കഴിഞ്ഞു ആലപ്പുഴ Electrification-നും അതുകൊണ്ടു നടത്താവുന്ന വ്യവസായങ്ങളും നടപ്പിൽ വന്നാൽ മതി എന്നു സമാധാനപ്പെടാൻ നിവൃത്തിയില്ല. അയതുകൊണ്ടു കാലതാമസം വരുത്താതെ അടുത്തവർഷംതന്നെ ഇതു് ആലപ്പുഴയിൽ നടപ്പിൽ വരുത്താമെങ്കിൽ ഈ പദ്ധതിയെ ഞാൻ ശക്തിയായി അനുകൂലിക്കുകതന്നെ ചെയ്യാം. അതല്ല രാജ്യത്തിൻെറ അഭിവൃദ്ധിയെ തടസ്ഥപ്പെടുത്തത്തക്കവണ്ണം മന്ദമായിട്ടാണു തുടങ്ങുന്നതെങ്കിൽ എനിക്ക് ഈ സ്കീമിനെ എതുക്കാതിരിക്കുവാൻ നിവൃത്തിയില്ല.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*) : Sir, in view of the prevailing economic depression and the belief that it is likely to continue for some time more, and in view of the fact that our finances are not in a suitable condition while our capital commitments are so many already that we cannot take up this big item of capital expenditure, some of my friends have been finding certain difficulty in approving this scheme. Sir, I am not quite sure, and I do not venture to offer any remark as to the fact, whether, considering our finances as a whole, we have reached such a position as to fear that it would be dangerously affecting the foundations of our finances, if we embark upon this scheme involving an expenditure of about 36 lakhs of rupees spread over a certain number of years.

MR. K. MADHAVAN PILLAI (*Trivandrum* cum *Neduvangad*) : Is it not to be undertaken along with other schemes ?

MR. K. KUNJUKRISHNA PILLAI (*Quilon*) : Even along with other schemes, I do not think there is much to fear.....

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : May I know whether there is, in our Treasuries, enough cash balance to carry on the general administrative functions for the year ?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): My position would become quite clear if I am allowed to continue. I request my friends not to disturb me during my speech, because the time allotted to me is very little.

I think that our potential capital and our available surpluses in securities, and the money that we have got from the savings bank deposits are sufficient.....

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I know from the member whether the securities are cashable?

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): I do not give way, Sir.

I think, Sir, we need not at all be panic-striken to undertake the scheme. I do not believe it is public finance to think that we can embark on large scale productive works only after paying up all our liabilities. I do not think any Government will be able to do that. I think we have to take ventures as other Governments have taken ventures under similar circumstances, and I think our country has sufficient potential capital and potential assets to embolden us to embark on a scheme like this. (Mr. Kayalam Paramesvaran Pillai "*Hear, hear*".) However, I leave it entirely to the Finance Member to consider that question very seriously—whether it will be dangerously affecting the foundation of our finance if we embark on such a scheme or not. I confine myself to the question whether this scheme is necessary or not. Sir, looking at the finances of our State, one characteristic feature, one significant fact, that I can notice is that we have got an inelastic income and a growing expenditure. That cannot be denied. How best to combat that will be the problem of the future finance. Unless we can augment our revenues, I can see no way for the progressive development of this country in any direction. The Economic Depression Enquiry Committee has stated that agriculture is not going to be a very profitable industry in the future. The only other course is industrial development; and for industrial development, cheap electric power is very necessary. After several enquiries, experts have said that the proposed scheme would be the most profitable concern, the only concern that has got a chance of success. Sir, I take that opinion without demur, because I am not competent to demur; and I am not going to pick holes, at the scheme that has been put forward, in regard to the amount of water that will be available, or the amount of energy that will be generated. I am not competent to do that, and I do not trench on that ground; but I am sure that Government will have to scrutinise the scheme very carefully before they embark upon an expenditure involving such a large sum. Government will have to satisfy themselves that it is going to be a success before they embark upon the scheme. They will have to satisfy themselves that there will be enough power to be taken to Alleppey and given to the oil-mill owners there for conducting their industry on a more profitable basis. Government will have to satisfy themselves that there will be sufficient energy to aid the people of Kuttanad. I am told by many of the persons in Kuttanad that if this power could be brought

LIBRARY ARCHIVES Kerala Legislative Assembly

to the fields of Kuttanad and if it could be made use of for their agricultural operations, they would save nearly Rs. 4 to Rs. 5 per acre. Now, they spend nearly Rs. 2 to pump out water, whereas when they get this energy, much less need be spent; and the agricultural operations of Kuttanad have been declared by the Economic Depression Enquiry Committee as hopeless under the present circumstances owing to the enormous cost of cultivation. If it becomes profitable it would be a great thing; because Kuttanad is the place wherefrom we get our foodstuffs. If our foodstuffs can be produced at a cheap rate, that means a great thing. Therefore, I do not think there is any other way of developing our country and maintaining our progress except by embarking upon such schemes. If Government find it difficult to take money from the capital available with them, I am at one with my friend Mr. Thanu Pillai that they should float loans and get the amount. I think there is absolutely nothing to fear with regard to the policy of embarking on a venture to float a loan. There was a lot of fear before the war in regard to loans. But, since then, even the Provincial Governments have changed their policy, and loans have become more popular, and, I think, rightly so. The policy of loans ought to be encouraged. Because by loans, not only do we get done all these works of economic utility but loans also create a tendency in the people to invest, which is a great matter for economic development. Capital *is* available in small quantities in spite of the economic depression. We find that from the various bogus concerns that are so very prevalent in the country; and I think that if Government float loans, they would be very popular; the loans could be raised even from our country; and if loans are raised from our country for these purposes it would be a great advantage. I am at one with Mr. Thanu Pillai in suggesting that, for the purpose of embarking on this scheme, a loan may be raised. But I am not at one with him when he says that, if a loan is not going to be raised, we should not have this scheme at all. I request Government, before they embark on this scheme, to make specifically clear what would be the consumption of electrical energy. That point has to be gone into with great scrutiny. That is the point on which I have some doubt. Because the Kannan Devan Hills Produce Company and others have got plants now; it has to be ascertained whether they would be prepared to take our electric energy at our rates or whether they would go on generating their own power and utilising that. That point has to be gone into, because, unless we have consumers there would be difficulty. That is the usual difficulty, the difficulty to get consumers, with all such schemes. This point has to be cleared early enough. It may be necessary for Government to purchase the plants from these Companies. I do not know what capital would be needed for that purpose. All these things have to be carefully gone into and the whole question scrutinised with the aid of a real expert whether power could be generated in large quantity, and if it could be generated in sufficient quantities, whether it could be economically distributed If these are settled, I think there would be no question as to the necessity of such a scheme, because the necessity for industrial development

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. K. Kunjukrishna Pillai.]

in such a densely populated country like ours cannot be disputed by any one ; and I offer my support on that point, namely, that we are in urgent need of economic development. Otherwise, we cannot exist in our own country.

MR. K. MADHAVAN PILLAI (*Trivandrum* cum *Neduvangad*) : Sir, I also wish to say a few words on the motion moved by Mr. Thanu Pillai. I must say frankly, Sir, that I am in a dilemma. I long to see the country developed to the fullest possible extent. I visualise the grave dangers confronting the State, the phenominal growth of its population and the daily increasing unemployment. The only course that is now open to us is to see the country develop to the fullest extent. I desire to see this electric scheme put into action as early as possible. I desire to see electric power supplied to every village and hamlet, to all industries and to all occupations, as soon as possible. I would even like to see it extended to the Central Prison to replace the hang-man and the rope. Sir, where I find myself in difficulties is when we come to the question of how to finance the scheme. I am not a financier, and I know very little of public finance. During the course of several years, this country built up a revenue surplus of nearly a year's revenue. It is gradually dwindling, and is now less than half of a year's revenue. This revenue surplus was built up by our previous administrators, against great prejudices prevailing at the time, with a view to make a provision for a rainy day, or, in the words of the late Mr. Sankarasubbier, to constitute a 'financial backbone' for the State. As regards the rainy day, I hope all of us are agreed that it has been raining long and continuously, and a fair portion of the surplus has already been washed away. As for the other matter that we should have a reserve to constitute a backbone for the State, I should also be sorry if the backbone is broken by jolly tips. Even when we had a revenue surplus in our Treasuries, an accumulated revenue surplus, we undertook the Quilon-Shencotta Railway only from borrowed capital. We did the same thing when we extended the railway from Quilon to Trivandrum. Latterly, the Chackay-Thampanoor extension and the Municipal Water Works were undertaken from the reserves of the State. Sir, I may say that this departure from the previous practice was dictated by the fact that the Government of India, in their order governing the Regency administration, had prohibited the undertaking of costly schemes beyond the annual revenues of the State, undertakings which would impose future disabilities on the public finances. That was one of the reasons why, I believe, a departure was made in respect of these two works. But, that does not weigh now. I would not have raised this question of finance but for the fact the burden of the song of the Budget this year has been "economic distress"; and we see it reflected in our surplus as well. It has been dwindling away, and dwindling away fastly. I would not have raised this point but for the fact that this economic depression, and the consequent dwindling away

LIBRARY ARCHIVES Kerala Legislative Assembly

of accumulated surpluses, has led to a curtailment of our activities in several directions. The biggest Department of the State, the Public Works Department, has its ordinary finances greatly curtailed. That is a dangerous step. If we cannot carry on the normal operations of Government necessary for the normal growth of the State, should we undertake capital reproductive works from our surplus or from our normal revenues? As I said before, I do not volunteer to express any opinion on the matter, because I am myself in doubt. But it seems to me however that this is not the right policy. We have a great credit before the world. Our assets are the stability and the soundness of our administration, the enlightenment of our people and their law-abiding and peaceful character. These are great assets: and we would not be in difficulties if we float a loan and borrow the money necessary for the undertaking of this scheme. That is the only point that I wish to impress upon the House. As it is, we are stinting our normal expenditure. We are in fact crippling the vital organs of the body politic. We have touched almost all the development departments, not because they have nothing to do, but because we cannot find sufficient money for them. In the face of these facts, is it right for Government to undertake the scheme from the reserves? I would be very happy to see that the scheme is brought into execution with borrowed capital.

MR. N. JOHN JOSEPH (*Nominated*): സർ, സാമ്പത്തികാധഃപതനമുള്ളകാലത്താണു ഇങ്ങിനെയുള്ള വലിയപദ്ധതികളെല്ലാം ഗവണ്മെൻറു നടത്തേണ്ടതെന്നുള്ളതു് നിസ്തർക്കമായ ഒരു സംഗതിയാണു്. അതിലേക്കു ഗവണ്മെൻറിന്റെ ധനസ്ഥിതി മോശമാണെന്നു ഒരിക്കലും പറയുവാൻ നിവൃത്തിയില്ല. കയ്യിൽ പണവും വച്ചുകൊണ്ടു ചിലവിടാതെയിരിക്കുന്നതു ഗവണ്മെൻറിനെ സംബന്ധിച്ചിടത്തോളം യോഗ്യമായ ഒരു നയമല്ലെന്നു ഞാൻ അറിയിച്ചുകൊള്ളട്ടെ. ഈ സ്കീം പൊതുജനങ്ങൾക്കു ഉപകാരപ്രദമായിതീരുന്നതിനും പുറമെ അനേകം ക്ലിവേലക്കാർക്കു ജോലികൊടുക്കുന്നതിനുകൂടി പര്യാപ്തമായ ഒന്നാണെന്നുള്ളതും നിർവ്വിവാദമാണു്. ഇതിനുപുറമെ ഇതു വ്യവസായത്തെ അഭിവൃദ്ധിപ്പെടുത്തുന്നതിനുപകരിക്കുമെന്നുള്ളതിലും രണ്ടുപക്ഷമില്ല. ഇനി ഗവണ്മെൻറു വ്യയത്തിന്റെ ലാഭത്തെപ്പറ്റി ആലോചിക്കുന്നതായാൽ ഈ സമയത്തു് ഉല്പന്നങ്ങൾക്കു വില വളരെ കുറവായതുകൊണ്ടു ക്ലി വളരെ കുറച്ചുകൊടുത്താൽമതി. അതിനാൽ ഈ സമയത്തു ഗവണ്മെൻറു ഈ സ്കീം തുടങ്ങുന്നതായാൽ ഗവണ്മെൻറിനാദായവും വേലയില്ലാതെ നടക്കുന്ന വേലക്കാരുടെ ദാരിദ്ര്യത്തിനു നിവൃത്തിയും ഉണ്ടാകുന്നതാണു്.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): പൊറേഞ്ചിൽ അരിക്കും നെല്ലിനും വില കൂടുതലല്ലെ?

MR. N. JOHN JOSEPH (*Nominated*): അതു നല്ല നിശ്ചയമില്ല.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): ഇവിടെനിന്നും അരി കൊണ്ടുപോയി കൊടുത്താൽ എത്ര വില തരും?

MR. N. JOHN JOSEPH (*Nominated*): ഇങ്ങനെയുള്ള സമയത്തു കൊണ്ടുകൊടുക്കേണ്ടതു ഗവണ്മെൻറിന്റെ ചുമതലയാണു്.

അതിനാൽ ഗവണ്മെൻറിനു ലഭിച്ചിരിക്കുന്ന ഈ സുവർണ്ണാവസരത്തെ പാഴാക്കാതെ നാട്ടിൽ ഐശ്വര്യമുണ്ടാക്കുന്നതിനായി വിനിയോഗിക്കണം. ഇതെല്ലാം പ്രസ്താവിച്ചുകൊണ്ടു പൊതുജനങ്ങൾക്കും ക്ഷീകരിക്കുംവേണ്ടി ഞാൻ ഈ ഉപക്ഷേപത്തെ എതിർത്തുകൊള്ളുന്നു.

MR. K. NARAYANAPERUMAL NADAR (*Agastisvaram*): Sir, whatever might be said about the history of the scheme and its possibilities, in view of the fact that it is the ryot that is more hit by the present economic depression, I am constrained to support this motion. The Financial Secretary who is the State's Financial *Jotsyar* said that he is going to have a surplus of 1·15 lakhs.

MR. N. K. KRISHNA PILLAI (*Neyyattinkara*): Does the member oppose the motion or the demand?

MR. K. NARAYANAPERUMAL NADAR (*Agastivaram*): I support the motion, not the demand.

The Financial Secretary said the other day that he is going to have a surpuls of 1·15 lakhs. But I argued out that there would be a huge deficit; and now my statement has come out true and there is a deficit of nearly 16 lakhs of rupees. I am told by some experts and by some retired officers, who have done yeoman service to the State, that it is almost impossible to industrialise Travancore. Travancore is essentially agricultural; and she is going to be an agricultural State. Therefore, the only Department that deserves encouragement is the Agricultural Department, though it has not justified its existence as it is.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it the opinion of any body in the Industrial Department that Travancore cannot be industrialised?

MR. K. NARAYANAPERUMAL NADAR (*Agastisvaram*): No; I was told so by some retired officers who have got sufficient experience. If costly agricultural schemes like the Kodayar Project are to be constructed in Central Travancore or North Travancore or in the taluk to which my friend Mr. Kunjitomman belongs, I would have no objection. I only want agricultural schemes. I only want to make this country more agricultural. It is impossible to make it an industrial country, Sir, what about the future of our finance? I visualise a future like this, that in the course of 1108 or 1109, the ryots of the State, and particularly those in Nanjanad may not be able to pay land tax in the form of so many rupees and so many chackrams and so many cash. The other day when I presided over a meeting of the land holders in my constituency, some respectable landlords like Mr. Aiyya Pillai of Eraviperur and Mr. Subramonia Pillai of Terur, Ex-M. L. C., told me that it was almost impossible for them to pay land tax in money. They are prepared

LIBRARY ARCHIVES Kerala Legislative Assembly

to pay land tax only in kind, in the form of paddy, in the form of cocoanuts, in the form of *maracheeni*. If, in future, Government would receive land tax in the form of foodstuffs, I have no objection. I ask only one question and that is whether the officers of Government, particularly the Financial Secretary, are prepared to receive their salaries in the from of paddy or *maracheeni*. (*Laughter.*) I visualise such a future, Sir.

MR. J. S. WESTERDALE (*Chief Engineer*): Will the member approve the idea of the pay of officers being given in the form of electric power?

MR. K. NARAYANAPERUMAL NADAR (*Aagastisvaram*): We do not want electric power, Sir. To embark upon such a costly scheme is a bankrupt's policy. Who knows it may not end in a South Sea Bubble? What about the sugar industry at Tuckalai? What about the weaving machines in the Central Technological Institute? No dubt the Director of Industries is an expert and he has gained much experience during his travels in England and Hyderabad. In spite of all this, the machines are lying idle. No doubt, there is motive power available, but he is not able to utilise that power to derive any substantial benfit.

MR. K. GOPALAKRISHNA PILLAI (*Parur*): May I know when the present Director of Industries took charge?

MR. K. NARAYANAPERUMAL NADAR (*Agastisvaram*): About a year ago.

What about the water works? What was the sanctioned estimate for it and what is the expenditure incurred up to the present? Government may now show on paper that they are going to spend only 37 lakhs. on this Pallivasal Scheme. But I am sure the cost of the scheme would run up to a crore. There is no doubt about it. The citizen of the State is able to say that. Further, it is doubtful whether the Scheme would be successful. Take for instance the Bhadravathi scheme in Mysore. It was started by an expert Engineer, Sir M. Visweswarayya. With all that, the scheme is not successful; and Mysore is sunk in debts.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): What about the Mysore Electric Scheme?

MR. K. NARAYANAPERUMAL NADAR (*Agastisvaram*): That may be a success.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): What is the income derived from the Mysore Electric Scheme?

MR. K. NARAYANAPERUMAL NADAR (*Agastisvaram*): I cannot say. From the agriculturist's point of view, I cannot endorse this scheme. I give my full support to the motion moved by Mr. Thanu Pillai, Sir.

MR. J. S. WESTERDALE (*Chief Engineer*): Sir, before dealing with the points which have been raised in this discussion, I think members may like me to refer to the last part of the confidential note supplied to them. When this Council is sitting and having deliberations over the scheme, Mr. Truscott arrived at Munnar last Sunday and has carried out inspections and is proceeding, I belive to-day, to Alleppey to inspect the possiblities of power consumption there and, we expect him in

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. J. S. Westerdale.]

Trivandrum tomorrow for discussion of the scheme with the Government. He has made a thorough inspection, according to the reports which I have been receiving from day to day from the Electrical Engineer, and we are awaiting his arrival with great interest. One of the points which many of the members, including Mr. Thanu Pillai, who moved the cut motion, have asked is, why carry out this scheme at a time of financial stringency. Naturally, the Government considered that point themselves; and the answer is simply that this is *the psychological* moment to carry out the scheme. Everything points to it and leads to it. The scheme has been under the consideration of Government for many years. All practical difficulties which existed against the actual execution of the scheme have now disappeared, as has been explained in the bottom of the first page of the notice. In addition to that there is undoubtedly a very big demand for electrical energy growing in the State, and *growing very rapidly*. The practicability of adopting electrical energy for tea drying and withering has passed the stage of experiment and has now become a question of practicability. From enquiries we made in responsible quarters, not only in the High Ranges, there *is* a definite market for electrical energy in large quantites. If we do not take this opportunity and get our electric scheme in time we may lose this oportunity for all time. That is the principal reason why we want to take up this scheme now.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I know why the member says "*for all time*".

MR. J. S. WESTERDALE (*Chief Engineer*): Because, the people will take their energy from other sources or adopt other methods if we do not move in the matter now.

Another point is that there is, at present no hydro-electric scheme on the west coast; and there is no doubt that the scheme that comes first will be the scheme in the most favoured position. If we do not move in the matter there may be other schemes coming forward in other places which will predjudicially affect our scheme. For example in Madras there is the great Mettur project which takes all its power at the present moment, from Mysore and not from any Madras Electric Scheme. The Municipality of Salem, at the present moment, takes its power from the Mysore scheme instead of from a Madras Scheme. The reason for that is that Madras hesitated so long in introducing a scheme of their own. In view of the demand which is growing all over the State, we ought to get ahead and be ready with our scheme. Before dealing with some of the other major points which Mr. Thanu Pllai and Mr.S. Krishna Pillai raised, I should like to refer to Mr. Lampard's enquiry about the rate we may charge. That is obviously, information which business men will want to know as soon as possible. Government intend to make an aunouncement about it as soon as they possibly can. But it must be realised in the present stage that our estimates are not complete and we have not got all absolute details worked out. Until we are a little advanced, we cannot, I am afraid, announce about the rates definitely in such a big scheme as this.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. S. CHATTANATHA KARAYALAR (*Pattanapuram* cum *Shencotta*): Does not the confidential note supplied to us give an idea of the rate?

MR. J. S. WESTERDLE (*Chief Engineer*): The average rate mentioned in the note is 9· 35 ps, per unit. The maximum cannot be very high and the minimum cannot be far lower than that. Of course, the rates in all electric schemes of this nature, vary over a big range according as the energy is consumed in large quantities or in small units.

Mr. Kottur Kunjukrishna Pillai spoke about Government making ventures; and it was a very true remark that he made. But I wish to point out in this scheme that the element of venture is very far less than in many other hydro-electric schemes which have been undertaken elsewhere. We can see a very big prospect of consumption of our energy; and we have entirely ignored the Peermade Tea District in making a forecast about the consumption. We have been very modest in our forecast. Such schemes in most other places have had to rely for their financial success on the development of industry as a result of such schemes working. But here, we have already our market ready in the Tea District, and we need the development of industries only to supplement our income in the later stages of the scheme. I think therefore the element of venture, in this scheme, is very little.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is it not a fact that the tea industry shows tendencies that it may not thrive so well hereafter as in the past?

MR. J. S. WESTERDALE (*Chief Engineer*): That is one of the industries of South India which has shown very little prospect of not thriving. In every commercial venture there must be *some* element of risk. Even in Travancore there have been a number of companies promoted with very attractive prospectuses into which people have confidentially invested their money without any return. What we propose is a safe investment. Mr. Kunjukrishna Pillai has already referred to such companies. But in our scheme the risk is almost negligible. I consider the Travancore Tea Industry a gilt-edged security. The Financial Secretary rightly reminds me that high, elevation tea fetches the biggest price in the tea market in Europe.

Another point which has not been mentioned in this note is about providing electrical pumping for irrigation. We have not taken any account of the possibilities in that direction, the posoiblity of further reclamation of areas which have not yet been brought under cultivation. Electric power would be very handy for the reclamation of portions of the Vembanad lake which have not yet been reclaimed.

MR. K. PADMANABHA PANIKKAR (*Ambalapuzha*): Are there large extents of the Vembanad lake yet to be reclaimed?

MR. J. S. WESTERDALE (*Chief Engineer*): There *is*, I think a very big area of the lake yet to be reclaimed. The reclamation of these areas has not been practicable financially so far.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. PADMANABHA PANIKKAR (*Ambalapuzha*) : Does the member know that people are abandoning areas already reclaimed; and May I know the reasons for that?

MR. J. S. WESTERDALE (*Chief Engineer*) : That is why I say our scheme should be put in execution to save any further abandonment.

MR. K. PADMANABHA PANIKKAR (*Ambalapuzha*) : I want to know the reason why people abandon the area reclaimed?

MR. J. S. WESTERDALE (*Chief Engineer*): The main reason for it is the difficulty to de-water the area. That is the principal reason.

Mr. Thanu Pillai asked for a further explanation of a refrence in the note to the effect that the company is entitled to the use of 30 cusecs of water; and several other members also referred to this point. And, Mr. S. Krishna Pillai asked for information as to whether Government are bound to supply the K. D. H. P. Co., with electrical energy. Sir, we are bound by the terms of the agreement of 1927, till the first of January 1954. For this period of 27 years, the company has a right to use 30 cusecs of water for generation of elecric power. (I hope all the members know what "*cusec*" means. It means cubic-feet per second.) At the end of that period Government have got to buy up the company's plant or to renew the agreement.

MR. A. THANU PILLAI (*Trivandrum*) : Is the contract to be renewed on the same terms?

MR. J. S. WESTERDALE (*Chief Engineer*) : Not necessarily. The terms may be revised. Government are not bound, by the agreement, to supply the company with an unlimited quantity of electricity. If the company requires more electrical energy then they can generate with their 30 cusecs they can demand from the Government electrical energy up to 1,000 horse power, or a further quantity of water to enable the company to generate further power up to another 1,000 horse power. That was the reason why I said that the psychological moment has arrived.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : What will be the further quantity of water that will be required to generate a thousand horse power more?

MR. J. S. WESTERDALE (*Chief Engineer*) : They can generate it with their present 30 cusecs itself. They consider that with their present plant and other machinery they can generate another 1000 horse power even with the 30 cusecs they are now entitled to.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : If from 30 cusecs, 2000 horse power could be generated, am I to take it that 15 cusecs would be required for generating a thousand horse power?

MR. J. S. WESTERDALE (*Chief Engineer*) : 15 cusecs would do.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : Then, how is it stated in the notes supplied to us that 9,000 horse power could be generated with nothing more than 64 cusecs?

MR. J. S. WESTERDALE (*Chief Engineer*): The K. D. H. P. Co. now have a drop of only about 700 feet. We propose to have a drop

LIBRARY ARCHIVES Kerala Legislative Assembly

of nearly 2,000 feet. The greater the drop, the greater the power generated.

The company now have a thousand horse power plant and they consider that they can produce another 1000 horse power without any further demand for water from Government. There is the possibility of these 2000 horse power going away from us unless we come in at this moment ready with our scheme.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*) : May I know whether the Government propose to undertake to supply them with 1000 horse power energy if the Company surrender their plant?

MR. J. S. WESTERDALE (*Chief Engineer*): If the Government make use of their 30 cusecs also, they would have to be supplied with the energy they want.

MR. A. THANU PILLAI (*Trivandrum*) : Is it the agreement between the Company and the Government that 1000 horse power would be supplied by Government whenever the Company want it?

MR. J. S. WESTERDALE (*Chief Engineer*) : Yes, if Government electrical energy is available, otherwise the company must be permitted to generate the additional amount themselves.

MR. RAMA VARMA RAJA (*Edavagai*) : Is that to be given free of charge?

MR. J. S. WESTERDALE (*Chief Engineer*) : At a nominal charge of Rs. 5 per horse power per annum, that is to say Rs. 5000.

MR. A. THANU PILLAI (*Trivandrum*) : What is it that the Government are getting for undertaking this trouble to supply 1000 horse power?

MR. J. S. WESTERDALE (*Chief Engineer*) : They get the royalty of Rs. 5 per horse power. We must remember that when we revised the agreement in 1927, Government re-assumed certain valuable privileges which the company had been enjoying.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : What was the agreement between the K. D. H. P. Company and the Government before 1927?

MR. J. S. WESTERDALE (*Chief Engineer*) : I cannot give that information in detail now.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : May I know whether it was under the 1927 agreement that the Company gave up their right to make use of the current whenever they pleased?

MR. J. S. WESTERDALE (*Chief Engineer*) : The old agreement allowed the Company to utilise all the water, and the new agreement secured to Government the right to utilise all except 30 cusecs.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : May I know the date of the earlier agreement?

MR. J. S. WESTERDALE (*Chief Engineer*) : 1910.

MR. S. KRISHNA PILLAI (*Karunagapalli*) : May I know the position before 1910?

MR. J. S. WESTERDALE (*Chief Engineer*) : I have no information about that.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): May I know what the Government hope to gain as annual profits?

MR. J. S. WESTERDALE (*Chief Engineer*): That is mentioned in the note. "The revenue anticipated from the sale of energy to the neighbouring consumers is expected to be Rs. 1·375 lakhs—"

MR. RAMA VARMA RAJA (*Edavagai*): If the Peermade people also ask for energy, would there be any balance to be given to the people in the plains?

MR. J. S. WESTERDALE (*Chief Engineer*): There would be a big balance for further development.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Is the Company prepared to revise the agreement of 1927?

MR. J. S. WESTERDALE (*Chief Engineer*): I was coming to that point. Regarding the purchase of the plant, I have explained that Government are liable to purchase it at the end of the term of the agreement. The alternative of purchasing it now, is engaging the active consideration of Government. But obviously, nothing could be done unless Government are certain that they have the funds to go on with the scheme. We cannot go to a commercial firm and start negotiation on a hypothetical proposition. If the funds are sanctioned by this Council, I am authorised by Government, to state that they propose to start definite negotiations as early as possible.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Would it not be wise not to spend any money on the scheme until after settling the matter with the Company?

MR. J. S. WESTERDALE (*Chief Engineer*): It is not essential.

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Otherwise, does not the member think that we would be at the mercy of the Company?

MR. J. S. WESTERDALE (*Chief Engineer*): It will be possible to get all those doubts cleared up before we start the actual working of the scheme. We expect to get a big load outside that area also, and the scheme is sure to be a financially successful one even if the K. D. H. P. Company does not co-operate with us. Only it would be deferred a little longer.

MR. A. THANU PILLAI (*Trivandrum*): Does the amount, Rs. 35 lakhs now proposed to be spent, cover the cost of the plant now belonging to the K. D. H. P. Company.

MR. J. S. WESTERDALE (*Chief Engineer*): No; and in the estimates of consumption also, the Electrical Engineer has not taken any account whatsoever of the present current consumption by the K. D. H. P. Company. They consume at present roughly two million units a year.

MR. A. THANU PILLAI (*Trivandrum*): Am I to understand that the nine million units mentioned at page 3 of the note is exclusive of the two million units?

MR. J. S. WESTERDALE (*Chief Engineer*): The five million units is exclusive of the present consumption.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. A. THANU PILLAI (*Trivandrum*): In regard to the point raised by Mr. K. P. Nilakanta Pillai and myself, may I know whether the 30 cusecs of water now dealt with by the Company is in addition to the 64 cusecs now said to be available for us?

MR. J. S. WESTERDALE (*Chief Engineer*): No.

MR. A. THANU PILLAI (*Trivandrum*): Are the nine million units that we expect to be generated, by 64 cusecs of water or by 64 *minus* the 30 cusecs belonging to the Company?

MR. J. S. WESTERDALE (*Chief Engineer*): The ultimate scheme is based on 64 cusecs, and we hope to secure that by the co-operation of the Company and if necessary by buying their plant. They would then become a larger consumer and their payments for the energy consumed would go towards paying the interest on the cost of purchase.

MR. A. THANU PILLAI (*Trivandrum*): Including the price that we may have to pay for their plant, what would be the total cost of the scheme? It is now given as Rs. 36 lakhs.

MR. J. S. WESTERDALE (*Chief Engineer*): It is a little too early to speak on that point. We do not want to give too much publicity now to the negotiations. When compared to the total cost of the scheme the price of the plant would be very small.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): If the Company is not prepared to surrender their rights over the 30 cusecs, would it be possible, out of our 34 cusecs of water, to work out this scheme profitably?

MR. J. S. WESTERDALE (*Chief Engineer*): If the Company take that attitude, which we do not anticipate, as their attitude has all along been one of co-operation, we would then have to go in for storage of water eventually. We have ample water however to commence the scheme and to work it for several years. One of the characteristics of the present scheme is that we have not provided for any dam or storage. But, we have mentioned the fact that when we develop this scheme to its full possibility, we would have to construct a dam to store up the water. If we do that at an earlier date the difficulty in regard to the quantity of water available would be got over.

MR. A. THANU PILLAI (*Trivandrum*): If the scheme is based on the 64 cusecs of water, or the entire dry-weather flow, is it not clear that the Company's rights and their plant should be purchased?

MR. J. S. WESTERDALE (*Chief Engineer*): We have worked on the assumption that the whole of the dry weather flow would be available eventually.

MR. A. THANU PILLAI (*Trivandrum*): In any case, I should like to have an idea of the total cost of the scheme including the price of the Company's plant?

MR. J. S. WESTERDALE (*Chief Engineer*): It is obvious that we cannot have that information at this stage. We cannot ask the Company how much they would demand for their plant before we enter into definite negotiations to purchase it. We have estimated the total

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. J. S. Westerdale.]

cost of their plant as not exceeding Rs. 3¾ lakhs. Taking into account depreciation, I should think that the cost should be well within Rs. 3 lakhs and probably not more than Rs. 2 lakhs.

MR. A. THANU PILLAI (*Trivandrum*): Am I to take it that the total figure would not go above Rs. 40 lakhs?

MR. J. S. WESTERDALE (*Chief Engineer*): Well, there is another point about it. In schemes of this nature interest also is added on to the capital outlay.

MR. A. THANU PILLAI (*Trivandrum*): Besides that, I want to add the cost of the Company's plant also.

MR. J. S. WESTERDALE (*Chief Engineer*): If you buy the Company's plant it would be a very useful standby plant. It is a 1000 horse power plant, and our plant, at the initial stages, is proposed to be only a 4000 horse power plant.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know whether it is within the concession area that we have to work out our scheme?

MR. J. S. WESTERDALE (*Chief Engineer*): No; outside the area. Even with a 4000 horse power plant, we hope to have a very big margin left after the estimated first stage consumption. If we add on to our 4000 horse power plant, the Company's 1000 horse power plant also, we might be able to postpone additional capital expenditure for a fairly long time. In any case, it will be very nice to have a standby plant of that nature.

I should like to give you a few figures regarding Mysore scheme. The Mysore Scheme is, in a way, parallel to ours, because they also had a very big potential consumer when their scheme was started, namely the Kolar Gold Fields. We on the other hand have got the Tea Estates here. In Mysore, the total cost of the scheme is Rs. 2,66,43,112; and at the present moment it is bringing in a net revenue to Government, excluding working costs, of Rs. 33,97,862 per annum.

That is a substantial revenue to the Government of Mysore. 12·81 per cent is the interest they get on their capital cost. I see no reason whatever why *our* scheme should not bring in to *our* Government, eventually a higher percentage than that.

I do not propose to speak on the financing of the scheme. That is a matter for the Financial Secretary.

MR. K. MADHAVAN PILLAI (*Trivandrum cum Neduvangad*): Can this energy be put into use for incinerating night-soil, for example, in Alleppey?

MR. J. S. WESTERDALE (*Chief Engineer*): It is not an impracticable proposition.

MR. A. THANU PILLAI (*Trivandrum*): I understand Mr. Westerdale to say—I am not sure whether I have rightly understood him that the 9·6 million units per annum is the quantity to be generated by 64 cusecs of water. At the same time he says that this is over and above the present quantity of energy now generated by the Company. Is that correct?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. J. S. WESTERDALE (*Chief Engineer*): The latter is correct, the former not so.

MR. A. THANU PILLAI (*Trivandrum*): That is to say, the water now used by the Company is included in the 64 cusecs. If to generate 9·6 million units you require 64 cusecs, how can you say that the energy now developed by the company is not included in the 9·6 millions?

MR. J. S. WESTERDALE (*Chief Engineer*): We have framed only a very moderate estimate of consumption which will only utilise a portion of the 64 cusecs.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): Is it not from an independent plant that Government propose to generate the 9·6 million units independent of the plant now used by the K. D. H. P. Company?

MR. J. S. WESTERDALE (*Chief Engineer*): Yes. If we take over the K. D. H. P. Company's plant we would have an additional 2 million units. That will bring in additional profit. Our scheme is based on the minimum dry weather flow. We hope to secure those two million units also in which case the 30 cusecs would become available for further development. If we do not secure it we still expect to get our 9·6 million unit consumption in other ways.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): Will the water used be in any way affected by the plant?

MR J. S. WESTERDALE (*Chief Engineer*): No, we eventually let the water back into the river, lower down.

RAO BAHADUR A. VENKATARAMA AIYAR (*Nominated, Deputy President*): Their riparian rights over the water would not be affected by our working an independent plant *up* the river, if we let the water back into the river for them to use if they like?

MR. J. S. WESTERDALE (*Chief Engineer*): The point is that according to our scheme, the water could be let back into the river only far lower down the river than where they require it.

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): From the Financial Secretary's speech I understood that there were only two stages. But, from the note supplied to us I find that there is an alternative scheme which involves three stages. It is stated that the third stage would be completed if necessary.

MR. J. S. WESTERDALE (*Chief Engineer*): Is the member referring to the construction of the dam?

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): No. I am referring to the three stages mentioned in the confidential note.

MR. J. S. WESTERDALE (*Chief Engineer*): If the third stage is ever taken up at all, it would be only on a financially self-supporting basis. That is to say extra capital would not be spent unless there could be foreseen on the additional expenditure an adequate return. That question will be considered *de novo*, as a new scheme.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know whether would not be possible to put our plant even higher up than now proposed

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. K. Kunjukrishna Pillai.]

so that, even after providing for the drop we require, the water could be let back into the river where the company want it?

MR. J. S. WESTERDALE (*Chief Engineer*): I regret it would not be possible.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): Am I to understand that there is absolutely no possibility of putting up the plant higher up?

MR. J. S. WESTERDALE (*Chief Engineer*): I am afraid it is quite impossible.

MR. K. GOPALAKRISHNA PILLAI (*Parur*): May I know how this scheme will affect the flow of water into the Periyar river?

MR. J. S. WESTERDALE (*Chief Engineer*): It will not affect the water in the Periyar river, because the water will be let back into the river after use in the turbines.

MR. L. A. LAMPARD (*Planters*): May I ask whether the transmission line will go to Peermade?

MR. J. S. WESTERDALE (*Chief Engineer*): It will be decided after Mr. Truscott's Report is received.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know whether the transmission to Peermade will not depend upon the consumption there?

MR. J. S. WESTERDALE (*Chief Engineer*): If the route from Munnar *via* Peermade be found on investigation to be as good a route as that at present under consideration the question of consumption would not affect the matter.

MR. K. KUNJUKRISHNA PILLAI (*Quilon*): May I know whether the member can assure me that Government would not stop after the first stage is finished?

MR. J. S. WESTERDALE (*Chief Engineer*): That is a point which I wanted to mention. The 'first' and the 'second' stages are misnomers. They are really two aspects of the same scheme. The first aspect of the scheme is that there will be a large load in the immediate vicinity of the Power House; and the second aspect is that there will be another big load in the plains. Government's intention is not to divide these into *two distinct stages*. When the programme of execution is worked out, I anticipate that we shall straightaway go to Alleppey. That is the definite intention of Government.

MR. P. S. MAHOMED (*Nominated*): May I know how many years it will take to come to Alleppey?

MR. J. S. WESTERDALE (*Chief Engineer*): Not less than 18 months I think, and not more than three years.

MR. A. THANU PILLAI (*Trivandrum*): In the note supplied to us, it is stated that 9·6 million units are to be distributed over specified areas; but Peermade is not included. So, if energy is to be supplied to Peermade also, will not the low country suffer for want of power?

MR. J. S. WESTERDALE (*Chief Engineer*): No. The distribution lines will be designed to carry the total anticipated load and the energy available in the plains will not be affected by that taken off higher up. If Peermade also comes in, it will make the financial position ever better than it appears to be at present. This may be

LIBRARY ARCHIVES Kerala Legislative Assembly

taken to be a typical example of the moderateness of our present estimate.

MR. A. THANU PILLAI (*Trivandrum*) : Will there be enough energy available for the plains ?

MR. J. S. WESTERDALE (*Chief Engineer*) : There will be more than enough. That is given in the estimate. Corresponding to the figure 9·6 million units is the figure 3,640 ; and below that you will see that the plant capacity will be, excluding spare, 7,200 K. W., and that is 100 per cent on the whole area. That is for future development.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*) : Sir, a very pertinent question was asked whether we will be able to finance this scheme from our cash balance or whether it would be necessary to borrow from the general public for financing the scheme. I may, at the very outset, say that I do not seriously dispute the figures quoted by Mr. Thanu Pilllai from page 7 of the Budget. Our Government balance at the end of the current year is estimated at Rs. 117,97,400 and we have to maintain a cash balance of Rs. 40,00,000, and when we make allowance for the depreciation of nonterminable securities, the Government balance reduces itself to Rs. 64 lakhs. This is one way of looking at the figures. But there is also another way of looking at these figures especially from a credit point of view. We owe a sum of Rs. 145,05,700 to the general public and to departments of Government. This figure is arrived at as follows (vide page 7 of the draft Budget).

Devaswom Fund	...	2,16,600
Savings Bank	...	84,76,500
Deposits of service and other Funds	...	5,94,200
Land Mortgage Bank	...	85,000
Depreciation Fund	...	1,00,000
Departmental and other Deposits	..	25,40,600
Loans from the Public	...	14,74,900
Do. from His Highness the Maha Raja	...	10,17,900
Total	...	1,45,05,700

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*) : All that is given in the Budget, he need not refer to that.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*) : Will the member please hear me fully ?

Out of this figure, the amounts due to departments come to Rs. 4,01,600. This is comprised of (1) Depreciation Fund Rs. 1 lakh. (2) Devaswom Fund Rs. 2,16,600 and (3) Land Mortgage Bank Rs. 85,000. So the amount due to the general public reduces itself comes to Rs. 1,41,04,100. Against this liability, we have assets, to the extent of Rs. 3,46,78,700. This includes a cash balance of Rs. 40 lakhs, surplus investments to the extent of Rs. 1,94,02,500 and Sinking Fund investments to the extent of Rs. 74,68,100. The difference between the assets and the liabilities payable to the general public, amounts to

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. R. Nilakanta Pillai]

Rs. 2,05,74,600. In respect of the assets, we have to make some allowance for the purpose of depreciation, on the basis of the present market rates. This depreciation, according to a rough calculation, amounts to Rs. 42,61,554. The difference between assets and the liabilities due to the general public, could therefore be safely valued at Rs. 16,31,300.

In these circumstances, it could be stated that the financial position at present is sound, and if we are able to balance our Budgets from year to year, and put away a small surplus, I do not think that there would be any difficulty in raising a loan for our reproductive works.

I may also be permitted to add a word about our Savings Bank balance, about which a reference has been made by some of the members. The balance at the end of 1106 was Rs. 78,26,500

The amount is comprised of the following items :—

1.	Ordinary Accounts	...	23,79,000
2.	Public Accounts	...	1,45,500
3.	Security Accounts	...	18,87,000
4.	Fixed Deposit Accounts	...	34,15,000
	Total	...	78,26,500

This amount is however expected to stand at Rs. 84,76,500 at the close of the current year.

In respect of ordinary accounts, the deposits from the public are increasing from year to year. In respect of security accounts, we can expect to keep up this normal figure from year to year as these deposits are more or less compulsory. Fixed deposits are increasing from year to year and consist mostly of Devaswom Fund balances which are not liable to be withdrawn at short notice.

MR. A. THANU PILLAI (*Trivandrum*): May I know from the member .....

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I shall answer every one of the questions, Sir, at the end of my speech. Under security deposits, the amount comes to Rs. 18·87 lakhs. This is mostly comprised of securities furnished by toddy and arrack shop contractors and by Government servants. The balance under this head is more or less steady. There can be no rush under security deposits. Under fixed deposits, the amount outstanding is Rs. 34·15 lakhs. Every year this figure is going up. Most of these consist of Devaswom fund securities; and that is bound to increase from year to year.

MR. A. S. DAMODARAN ASAN (*Mavelikara cum Kartikapalli*): Is it deposited by Government?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes, in favour of the Department. Government pays interest on these deposits. In future also, Government can safely count on an increase in savings banks deposits. About the Pallivasal Scheme, the maximum expenditure according to the present rough estimates for the first two stages may be expected to stand at Rs. 38 to Rs. 39 lakhs.

A question has been asked whether with our present funds we

LIBRARY ARCHIVES Kerala Legislative Assembly

would be able to provide this 38 laks or 40 laks of rupees. I have to state that it will not be possible to find the whole of this amount unless we go in for loans; and we need not be afraid in regard to that, because we have got sufficient assets. It is not necessary to sell our securities at present. They have to a certain extent, depreciated. But, during the last two months that depreciation has diminished to a very considerable extent; and with the announcement about the 5 per cent. Government of India loan two days ago the securities are bound to appreciate considerably.

MR. S. CHATTANATHA KARAYALAR (*Pattaraquram cum Shencotta*): Have they not already appreciated?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Most of them have. In the general discussion on the Budget I have, in answer to a question, said that the present market value of our securities would come to Rs. 156 lakhs. At that time the securities were valued on the basis of 5½ per cent interest. Now, it has diminished to 5 per cent. The difference of half per cent. has made a considerable difference in the value of our securities. So, we need not at all be afraid to go in for a loan. Of all reproductive schemes it has been said that the electric scheme is a paying one. The Trivandrum Electric Supply Scheme has been found to be a paying one on the basis of the present rate of 6 annas per unit. But the Hydro-Electric Scheme that is going to be started, is going to charge only at a very low rate; and even at that low rate it has been shown that it is a paying concern. So, I think there need be no hesitation in our borrowing and undertaking this work.

MR. K. MADHAVAN PILLAI (*Trivandrum cum Neduvangad*): If our finances are so very prosperous as the Financial Secretary has made them out to be, may I know why he rushed to borrow Rs. 10 lakhs from H. H. the Maha Raja to replenish the cash balance?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It was not for replenishing the cash balance; but it was for financing capital undertakings.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I know what is the meaning of paragraph 7 of the Financial Secretary's Budget Speech? There he says "In order to maintain adequate cash balance in Treasuries and provide funds for the capital works in progress, borrowed capital was necessary."

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes, it is to finance capital works. But, for financing capital works cash is necessary.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Was it not for providing the Treasuries also with money?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): We wanted money to finance these capital works; and capital works could be financed only with cash.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): May I know, when this Rs. 10 lakhs had to be borrowed, what was the cash balance in the Treasury?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The cash balance was about Rs. 33 lakhs to Rs. 34 lakhs.

MR. A. THANU PILLAI (*Trivandrum*): May I know..... ...

PRESIDENT: I do not want this motion to lapse. I want to know the opinion of the House on it. You have only 10 minutes before the time allotted for the demand expires and I would like to hear Mr. Thanu Pillai also.

MR. A. THANU PILLAI (*Trivandrum*): Is it the Financial Secretary's idea that the amount deposited in Savings Banks could be utilised for this purpose?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Certainly. That is what every bank is doing. Even if there is a rush, it is enough if we keep a percentage. The amount of deposits from the ordinary investors is only comparatively small. We have got more than enough by way of assets; and the general public have in no way lost their confidence in us.

MR. A. THANU PILLAI (*Trivandrum*): Is it the suggestion of the Financial Secretary that banks are investing monies belonging to depositors in undertakings from which the capital itself could not be recovered?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Quite possibly, sometimes it occurs like that. Anyhow, I have pointed out that our assets are more than sufficient. We have got securities to the extent of Rs. 194 lakhs, and that could be certainly used for borrowing purposes. There would be a loss only if we sell them.

MR. A. THANU PILLAI (*Trivandrum*): What harm is there if we borrow for this specific purpose?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): There is no harm whatever.

The question of borrowing from the public was not considered this year, as the rate of interest was high. The Government of India loans stood at 6½ per cent, early this year and subsequently, about three or four months ago, the rate came down to 5½ per cent; and now the rate is 5 per cent.

MR. A. THANU PILLAI (*Trivandrum*): I want to know why the proposal had not been put forward for borrowing money for this specific purpose? Does not the member contemplate a situation when we would also have to borrow money?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I do contemplate the situation, but it will not arise immediately.

MR. A. THANU PILLAI (*Trivandrum*): Does he contemplate such a situation during the course of the year 1108?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): There will be no necessity to borrow in 1108, as I have shown in the Budget itself. Probably, in the course of 1109 or 1110, there may be a necessity to borrow.

MR A. THANU PILLAI (*Trivandrum*): Is he quite sanguine about the receipts?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Under receipts, I have budgeted for Rs. 223 lakhs; but any fall from that would not affect the capital expenditure to any appreciable extent.

MR. A. THANU PILLAI (*Trivandrum*): Anyhow, may I know whether he proposes to raise a loan for this purpose during the course of 1108?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I did not say that. I only said that the work could be *completed* only if a loan is raised. I do not say that it should be raised solely from the general public. A loan is necessary; but there is no immediate necessity for it. These are the only two points which I have mentioned.

MR. K. MADHAVAN PILLAI (*Trivandrum cum Neduvangad*): Does the member say that he would not borrow unless he has annihilated the whole of the surplus revenue?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I do not say that. For the next year there is no necessity to borrow.

MR. A. THANU PILLAI (*Trivandrum*): Sir, I do not want to stand in the way of any work like this being taken in hand by the Government. I want to make my position quite clear that it would be quite unwise to draw on what little surplus we have for an undertaking of this kind. I see that, in spite of what the Financial Secretary has stated, he also agrees with me in effect that this undertaking could be brought to its finish only if a loan is raised. I think I am correct in understanding him like that. But he would not evidently *say* so, because he has put forward this scheme and he has put forward this proposal to begin with, with an allomeent of Rs. 6 lakhs for the coming year. He does not want to make a clear admission that a loan would be found necessary during the year 1108. I do not see much point in that. Now, let us face facts. In spite of the figures given by the Financial Secretary, I am not at all satisfied that our revenue figures are such as would enable us to undertake any reproductive scheme without raising a loan; and it would be wrong in the interests of the State, because, if we do this, we would not have money for many necessary items of expenditure for which a loan could not be raised. For instance, minor irrigation has to be taken in hand by Government soon, and lakhs of rupees have to be spent in that direction. Government will not be able to raise a loan for that purpose. I am quite sure of it, because it is not an undertaking which will bring an adequate return. We have to spend more money for purposes like these; and what surplus there is has to be reserved for such purposes. That is a point on which I want to lay much emphasis. The Financial Secretary, I am sure, will not contradict me in this matter. I therefore request Government earnestly and seriously that this scheme should not be undertaken solely depending on the small surplus we have. I do not stand in the way of the scheme being proceeded with; but I want it to be borne in mind that early opportunity should be taken to raise a loan for proceeding with this work. With these words, Sir, I beg to withdraw the motion.

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. A. Thanu Pillai]

The motion was, by leave, withdrawn.

The following motions lapsed;

Motions 432 to 435.

432. To reduce the allotment of Rs. 6,00,000 for Pallivasal—Hydro—Electric Scheme by Re. 1.

MR. A. THANU PILLAI:

433. To reduce the allotment of Rs. 6,00,000 for Pallivasal—Hydro—Electric Scheme by Re. 1.

Motions for reduction of total grant under Demand IX.

MR. S. KRISHNA PILLAI:

434. To reduce the allotment of Rs. 17,83,800 for under Demand IX by Rs. 6,00,000

K. C. CHANDI:

435 To reduce the total allotment of Rs. 17,83,800 under Demand IX by Rs. 5.

PRESIDENT: I put the demand as a whole. Mr. Westerdale has moved for a grant of Rs. 17,83,800 for capital outlay on reproductive works under Demand IX. I put it that the Demand be passed.

The Demand was put and carried.

The grant was made.

DEMAND X POLICE DEPARTMENT.

MR. L. A. BISHOP (*Commissioner of Police*): Sir, I move for a grant not exceeding Rs. 6,29,020, under Demand X - Police.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Sir, before making the next motion which stands in my name, I would like to know whether I can discuss the policy in regard to the recruitments to the traffic branch under the motion?

PRESIDENT: No, I think that it will come later. You can discuss the policy of having a separate Traffic Department or any other matter like that. What you have put down is "to discuss the question of recruitment to the Traffic Branch and the undesirability of separation". I think the second part is all right. The matter of recruitment should, I think come under a later head. I do not want to be too strict about this. Is there any objection to Mr. Nilakauta Pillai being allowed to discuss that point, Mr. Paramesvaran Pillai?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): You have the discretion either to allow it or not, Sir.

PRESIDENT: I allow you to discuss that point, Mr. Nilakanta Pillai.

Motion 436.

MR. K. P. NILAKANTA PILLAI (*Chirayinkil*): Sir, I beg to make the following motion:—

To reduce the allotment of Rs. 13,285 for establishment by Re. 1.

Sir, the object of the motion is to start a discussion on the undesirability of separating the Traffic Branch from the general cadre of the Police Department and also to emphasise some of the points I have in view about recruitment to that particular branch. I hold a strong view

LIBRARY ARCHIVES Kerala Legislative Assembly